



NHS Scotland 2019-20 Consolidated Financial Reporting **to 30 June 2019 (Month 3)**

Purpose

This paper summarises the financial position for NHS Scotland for the reporting year 2019-20. It sets out the year to date position and the forecast position for the year end. The information contained in this report is a consolidation of the financial position as reported by all 22 NHS Boards. All NHS Boards report regularly and publicly on local financial performance and this information is available through individual NHS Board websites.

Context

The Health and Sport Portfolio resource budget in 2019-20 is £13.9 billion. This represents an increase of over £730 million from 2018-19 (5.6% uplift). As part of the budget approved by the Scottish Parliament, the 14 Territorial and 8 National Boards account for £11.3 billion of that spend, with the remainder administered directly by the Scottish Government. The NHS Board resource budget covers spending on operating costs such as pay, drugs and supplies.

In addition to the Budgets allocated at the outset of the year to NHS Boards, £2.5 billion is managed centrally by the Scottish Government Health and Social Care Directorates; the majority of which is allocated to NHS Boards over the course of the year. This includes total funding of £1.5 billion for the four professional groups of independent sub-contractors - medicine, pharmacy, dentistry and optometry.

The capital budget is £346 million in 2019-20 and funds investment in the NHS estate, equipment and maintenance.

Consolidated Financial Position

Based on the first three months of the year (April-June 2019), a balanced year end position is forecast for the Health and Sport Portfolio for both resource and capital budgets.

As part of annual financial plans, NHS Boards have identified a consolidated savings requirement of £432 million which is required in order to deliver financial balance. All savings generated are retained locally by Boards and plans are continually developed throughout the year. It is normal for Boards to begin the year with a relatively high variance against budget and for this to reduce throughout the year as savings plans are developed and as expenditure patterns become clearer.

At month 3, NHS Boards are reporting a year-to-date adverse variance of £37.2 million (21.5% improvement on the same period in 2018-19) and are forecasting a consolidated year-end adverse variance against budget of £103.3 million (20.2% improvement). This projected variance is expected to reduce through the year as further savings are identified and expenditure patterns become more certain. In-year pressures highlighted by NHS Boards at month 3 include pay and drugs costs, which represent the most significant proportion of Boards' budgets.

As reported in 2018-19, there are four NHS Boards which require a two to three year timeframe to return to financial balance and are consequently anticipating a requirement for additional financial support from Scottish Government in 2019-20. The indicative level of additional financial support required is estimated at £46.7 million across the following Boards: NHS Tayside (£11.2 million); NHS Ayrshire and Arran (£14.8 million); NHS Highland (£11.4 million); and NHS Borders (£9.3 million). This compares with the actual total level of brokerage required in 2018-19 of £65.7 million.

The anticipated financial support required by Boards in 2019-20 is within the planning assumptions of the Portfolio and is not therefore expected to create a risk to delivering a balanced overall Portfolio outturn position. This overall portfolio forecast requires that all other Boards will deliver a balanced financial position, and therefore there is expected to be a reduction in the adverse forecast over the course of the remaining 9 months of the year.

Table 1 below summarises the financial position at 30 June 2019, with further analysis by NHS Board at Table 2.



Table 1: Summary of forecast outturn and indicative brokerage required

	2019-20 Forecast Outturn				Indicative financial support required
	Forecast Outturn	Budget	Variance		
	£m	£m	£m	%	£m
Resource Allocation					
Health and Sport Portfolio	13,864.8	13,864.8	0.0	0.0	0.0
<i>Included within:</i>					
Territorial NHS Boards	11,248.6	11,145.3	(103.3)	(0.9)	46.7
National NHS Boards	1,536.79	1,536.7	0.0	0.0	0.0
Capital Allocation					
Health and Sport Portfolio	142.5	142.5	0.0	0.0	0.0
<i>Included within:</i>					
Territorial NHS Boards	134.1	134.1	0.0	0.0	0.0
National NHS Boards	8.5	8.5	0.0	0.0	0.0

Capital

Capital allocations to NHS Boards in 2019-20 totals £142.5 million. Further breakdown by Board is provided at Table 2. In addition, a further £203 million held centrally will be used to support infrastructure investment across the sector, this includes projects such as the national Elective Centre programme as well as recurring commitments such as the Ambulance replacement programme and investment in radiotherapy equipment. This will ensure continued support from the capital investment strategy to support the delivery of the National Clinical Strategy and the Delivery Plan.

Key Developments

This report represents an early indication of the financial position on NHS Boards. Key movements will be reported in future reports as the position becomes more refined.

Table 2: Detailed financial position by NHS Board

	Revenue								Capital				
	Year to Date Position				2019-20 Forecast Outturn				Indicative Financial Support Required	Budget	Forecast Outturn	Variance	
	Budget	Actual	Variance		Budget	Actual	Variance					£m	£m
	£m	£m	£m	%	£m	£m	£m	%	£m	£m	£m	%	
NHS Ayrshire and Arran	199.9	204.8	(4.9)	(2.4)	817.6	832.4	(14.8)	(1.8)	14.8	8,363.0	8,363.0	-	-
NHS Borders	58.3	60.3	(2.0)	(3.4)	224.2	233.5	(9.3)	(4.1)	9.3	2,366.0	2,366.0	-	-
NHS Dumfries and Galloway	79.8	81.8	(2.0)	(2.5)	350.0	350.0	-	-	-	3,674.0	3,674.0	-	-
NHS Fife	179.2	182.4	(3.1)	(1.7)	736.1	744.6	(8.5)	(1.2)	-	7,394.0	7,394.0	-	-
NHS Forth Valley	146.5	147.3	(0.9)	(0.6)	599.1	601.5	(2.4)	(0.4)	-	6,085.0	6,085.0	-	-
NHS Grampian	258.2	260.2	(1.9)	(0.7)	1,086.2	1,086.2	-	-	-	12,751.0	12,751.0	-	-
NHS Greater Glasgow and Clyde	590.5	601.6	(11.1)	(1.9)	2,494.1	2,513.9	(19.8)	(0.8)	-	37,423.0	37,423.0	-	-
NHS Highland	177.1	179.4	(2.3)	(1.3)	731.2	742.6	(11.4)	(1.6)	11.4	6,616.0	6,616.0	-	-
NHS Lanarkshire	332.2	331.7	0.5	0.1	1,337.9	1,337.9	-	-	-	12,392.0	12,392.0	-	-
NHS Lothian	357.1	360.5	(3.4)	(1.0)	1,675.3	1,701.3	(26.0)	(1.6)	-	24,273.0	24,273.0	-	-
NHS Orkney	14.4	14.7	(0.4)	(2.5)	64.2	64.1	0.0	0.0	-	979.0	979.0	-	-
NHS Shetland	14.2	15.3	(1.1)	(7.8)	62.8	62.8	-	-	-	997.0	997.0	-	-
NHS Tayside	210.2	214.6	(4.4)	(2.1)	879.1	890.2	(11.2)	(1.3)	11.2	9,531.0	9,531.0	-	-
NHS Western Isles	21.3	21.4	(0.1)	(0.3)	87.5	87.5	(0.0)	(0.0)	-	1,259.0	1,259.0	-	-
NHS National Services Scotland	121.0	120.9	0.2	0.1	500.1	500.1	-	-	-	3,364.0	3,364.0	-	-
Scottish Ambulance Service	67.4	69.0	(1.6)	(2.3)	278.8	278.8	-	-	-	1,794.0	1,794.0	-	-
NHS Education for Scotland	114.4	113.1	1.2	1.1	505.6	505.6	-	-	-	-	-	-	-
NHS 24	16.8	16.7	0.1	0.6	71.9	71.9	-	-	-	269.0	269.0	-	-
National Waiting Times Centre	18.6	17.6	1.0	5.1	90.5	90.5	-	-	-	2,691.0	2,691.0	-	-
The State Hospitals Board for Scotland	8.6	8.6	0.0	0.0	34.2	34.2	-	-	-	269.0	269.0	-	-
NHS Health Scotland	4.5	4.4	0.1	1.9	21.2	21.2	-	-	-	-	-	-	-
Healthcare Improvement Scotland	6.2	7.4	(1.1)	(18.2)	34.4	34.4	-	-	-	-	-	-	-
Total NHSScotland	2,996.4	3,033.6	(37.2)	(1.2)	12,681.9	12,785.3	(103.3)	(0.8)	46.7	142,490.0	142,490.0	-	-